

**ALASKA STATE LEGISLATURE
SENATE LABOR AND COMMERCE STANDING COMMITTEE**

May 10, 2021

1:30 p.m.

MEMBERS PRESENT

Senator Mia Costello, Chair
Senator Joshua Revak, Vice Chair
Senator Peter Micciche
Senator Gary Stevens
Senator Elvi Gray-Jackson

MEMBERS ABSENT

All members present

COMMITTEE CALENDAR

HOUSE BILL NO. 192

"An Act extending the termination date of the Alaska regional economic assistance program; and providing for an effective date."

- MOVED HB 192 OUT OF COMMITTEE

SENATE BILL NO. 137

"An Act extending the termination date of the Board of Certified Direct-Entry Midwives; and providing for an effective date."

- MOVED SB 137 OUT OF COMMITTEE

HOUSE BILL NO. 126

"An Act extending the termination date of the Board of Public Accountancy; and providing for an effective date."

- RESCHEDULED TO 5/14/21

PREVIOUS COMMITTEE ACTION

BILL: HB 192

SHORT TITLE: AK REG ECON ASSIST. PROGRAM; EXTEND

SPONSOR(S): REPRESENTATIVE(S) KREISS-TOMKINS

04/28/21 (H) READ THE FIRST TIME - REFERRALS

04/28/21	(H)	CRA
05/04/21	(H)	CRA RPT 4DP 3AM
05/04/21	(H)	DP: MCCARTY, DRUMMOND, HANNAN, SCHRAGE
05/04/21	(H)	AM: MCCABE, PRAX, PATKOTAK
05/04/21	(H)	CRA AT 8:00 AM BARNES 124
05/04/21	(H)	Moved HB 192 Out of Committee
05/04/21	(H)	MINUTE(CRA)
05/06/21	(H)	BEFORE HOUSE IN THIRD READING
05/06/21	(H)	TRANSMITTED TO (S)
05/06/21	(H)	VERSION: HB 192
05/07/21	(S)	READ THE FIRST TIME - REFERRALS
05/07/21	(S)	L&C
05/10/21	(S)	L&C AT 1:30 PM BELTZ 105 (TSBldg)

BILL: SB 137

SHORT TITLE: EXTEND BOARD OF DIRECT-ENTRY MIDWIVES

SPONSOR(s): SENATOR(s) KAWASAKI

05/05/21	(S)	READ THE FIRST TIME - REFERRALS
05/05/21	(S)	L&C, FIN
05/10/21	(S)	L&C AT 1:30 PM BELTZ 105 (TSBldg)

WITNESS REGISTER

RIVER RAMUGLIA, Staff

Representative Jonathan Kreiss-Tomkins

Alaska State Legislature

Juneau, Alaska

POSITION STATEMENT: Introduced HB 192 on behalf of the sponsor.

SHIRLEY MARQUARDT, Executive Director

Southwest Alaska Municipal Conference (SWAMC)

Anchorage, Alaska

POSITION STATEMENT: Testified on HB 192 by invitation.

ROBERT VENABLES, Executive Director

Southeast Conference

Juneau, Alaska

POSITION STATEMENT: Testified on HB 192 by invitation.

TIM DILLON, Executive Director

Kenai Peninsula Economic Development District (KPEDD)

Kenai, Alaska

POSITION STATEMENT: Testified on HB 192 by invitation.

BRITANY SMART, Special Assistant to the Mayor; Staff

Fairbanks North Star Borough Economic Development Commission
Fairbanks, Alaska

POSITION STATEMENT: Testified in support of HB 192

KRISTINE CARPENTER, Executive Director
Prince William Sound Economic Development District (PWSEDD)
Cordova, Alaska

POSITION STATEMENT: Testified in support of HB 192.

JOE HAYES, Staff
Senator Scott Kawasaki
Alaska State Legislature
Juneau, Alaska,

POSITION STATEMENT: Introduced SB 137 on behalf of the sponsor.

BETHEL BELISLE, Chair
Board of Certified Direct-Entry Midwives
Anchorage, Alaska

POSITION STATEMENT: Provided information related to SB 137.

KRIS CURTIS, Legislative Auditor
Legislative Audit Division
Alaska State Legislature
Juneau, Alaska

POSITION STATEMENT: Answered questions related to SB 137.

SARA CHAMBERS, Director
Division of Corporations, Business, and Professional Licensing
Department of Commerce, Community and Economic Development
Juneau, Alaska

POSITION STATEMENT: Answered questions related to SB 137.

ACTION NARRATIVE

1:30:01 PM

CHAIR MIA COSTELLO called the Senate Labor and Commerce Standing Committee meeting to order at 1:30 p.m. Present at the call to order were Senators Gray-Jackson, Revak, and Chair Costello. Senators Stevens and Micciche arrived during the course of the meeting.

HB 192-AK REG ECON ASSIST. PROGRAM; EXTEND

1:30:55 PM

CHAIR COSTELLO announced the consideration of HOUSE BILL NO. 192 "An Act extending the termination date of the Alaska regional

economic assistance program; and providing for an effective date."

1:32:06 PM

RIVER RAMUGLIA, Staff, Representative Jonathan Kreiss-Tomkins, Alaska State Legislature, Juneau, Alaska, introduced HB 192 on behalf of the sponsor. He read the sponsor statement into the record.

HB 192 reauthorizes the Alaska Regional Economic Assistance program for an additional 10 years, until July 2031. This program is comprised of nine Alaska Regional Development Organizations (ARDORs), crucial entities that work across urban and rural regions in Alaska to prepare and implement regional development strategies and promote economic development.

The ARDOR program was established in 1988 under AS 44.33.895 to encourage the formation of regional development organizations in locations across the state. This bill ensures that the ARDORs can continue their valuable work. Through the designation provided under this law, ARDORs receive [U.S. Economic Development Administration] (EDA) funds to advance their priorities.

The ARDORs were successfully reauthorized in 2016 by HB 314, opening up the ARDORs to an influx of federal support. Although the 29 legislature declined to fund the ARDORs, this legislature's HB 69 has appropriated \$20 million to be distributed to the ARDORs for the purposes of tourism promotion. This will undoubtedly revitalize Alaska's economy and bring in much-needed revenue. The passage of this bill is a necessary step that will ensure that these funds can be distributed.

Five years ago when HB 314 successfully reauthorized the ARDOR program, until the current and rapidly approaching sunset date of July 1, 2021 numerous officials, communities, and tribal organizations across Alaska testified to the importance of the ARDORs.

MR. RAMUGLIA introduced the regional executive directors who would explain the ARDORs in more detail.

1:32:33 PM

SENATOR STEVENS joined the meeting.

CHAIR COSTELLO asked if he was prepared to present a sectional analysis.

1:34:40 PM

MR. RAMUGLIA presented the sectional analysis for HB 192.

Section 1 changes the sunset date from July 1, 2021 to July 1 2031.

Section 2 is a retroactivity clause. If the Act takes effect after July 1, 2021, it is retroactive to July 1, 2021.

Section 3 provides that this Act takes effect immediately under AS 01.10.070(c).

CHAIR COSTELLO asked if there was a reason for the 10-year extension.

MR. RAMUGLIA deferred the question to the experts on ARDORS.

CHAIR COSTELLO turned to invited testimony.

1:36:28 PM

SHIRLEY MARQUARDT, Executive Director, Southwest Alaska Municipal Conference (SWAMC), Anchorage, Alaska, stated that her comments on HB 192 would focus on the merits of a 10-year reauthorization of the ARDOR program and possible legislation to reshape the ARDOR program. She noted that this was discussed in the House CRA Committee last week. She reminded the committee that each ARDOR is uniquely different based on geography, population, and primary economic drivers. In Southeast for example, the out-of-state visitor industry and seasonal commercial fisheries are economic drivers. In the Kenai Peninsula, both out-of-state and in-state visitors, commercial and sport fishers and hunters are economic drivers. In the region she represents the primary economic driver is seasonal and year-round fisheries.

She said each region creates its own comprehensive economic development strategy (CEDS) by engaging directly with community leaders, businesses, industries, tribes, and the public. These plans provide long-term goals and strategies that can be used as a roadmap for municipalities, tribal organizations, entrepreneurs, and investors to follow as they look toward

future growth. These plans are a federal requirement to be eligible to apply for EDA program planning funds. She said SWAMC and some other ARDORS use these funds to keep the doors open.

MS. MARQUARDT related that the CEDS are updated annually to reflect economic data, job training, workforce development opportunities, and other relevant changes in the region. This drives the annual work plan that the ARDOR's board of directors reviews and approves for staff action. At the end of four years the CEDS must be rewritten using the relevant data, community engagement, and economic history for that period.

MS. MARQUARDT said it is critical for the ARDORS to plan ahead and a 10-year reauthorization provides more stability for the regions to pursue long-term programs and projects. Some projects are very long term and others are simply beyond the ARDOR's ability to make happen but they try to pave the way. She said it is disconcerting for ARDORS to prepare a four-year plan to EDA to receive funding to support three years of planning operations and not know if they will be required to comply with additional state rules to measure success or if the state will still recognize ARDORS.

She advised that SWAMC and some of the other ARDORS receive funding through membership dues, conference registrations, sponsors, and the \$75,000 EDA planning partnership grant. They must follow their regional CEDS document and comply with all their funders' program requirements including biannual financial reporting, progress reports, and the annual CEDS update. In addition, the ARDORS file comprehensive annual reports with DCCED, which is available to the public, and they post their CEDS documents on their websites. She said that if the legislature wishes to reshape the success measures and design of ARDORS, it should be with the understanding that ARDORS already must meet their funders' requirements for measuring success. She requested that the ARDORS be included in the discussion.

[1:41:11 PM](#)

SENATOR STEVENS asked if she was prepared to funnel additional federal funds through SWAMC, should they become available.

MS. MARQUARDT answered yes, just as they did for the Alaska CARES funding that DCCED passed through SWAMC. She added that SWAMC would take time to ensure the program was relevant for the region, the right stakeholders were involve, and that there were tangible measures of success for the use of the funds.

SENATOR STEVENS expressed appreciation for the work she did with the CARES funding.

1:42:20 PM

ROBERT VENABLES, Executive Director, Southeast Conference, Juneau, Alaska, said Southeast Conference has been advocating for strong economies, healthy communities, and a quality environment in Southeast Alaska since 1958. They became an ARDOR in 1989 and no group is more passionate about economic development in the region. He described ARDORs as a strategic interface for regional entities to collaborate on long-range economic development strategies and regional development goals. He directed attention to the economic development information in the packets.

He advised that the ARDORs are ready to assist the legislature and governor on the effective delivery of arriving funds to needy businesses and communities. He said it is important to understand that ARDORs also set the climate for business investment in the region that often extends 20-30 years into the future. Having legislative support as expressed through HB 192 is key to setting the climate for business investments throughout the state, he said.

MR. VENABLES reminded the committee that a 10-year extension was discussed during the last reauthorization, but the state declined to support ARDORs that year so the legislature authorized a five-year extension to make sure the ARDOR program remained viable. He pointed to the annual report as evidence that the ARDORs are strong and very committed to economic development in the state. He said the ARDORs are very appreciative that this administration is so highly engaged with the ARDOR program. He referenced comments made in the other body about out of date ARDOR statutes and assured the committee that conversations between the ARDORs and DCCED had begun. Recommendations for improvements will be brought to the legislature's attention next session, he said.

MR. VENABLES concluded that that the ARDOR program is working well and he looks forward to the passage of HB 192.

CHAIR COSTELLO said she appreciates that each ARDOR is region-specific to address the diverse needs across the state. Local involvement is critical because one size does not fit all.

1:46:23 PM

TIM DILLON, Executive Director, Kenai Peninsula Economic Development District (KPEDD), Kenai, Alaska, stated that KPEDD is a non-government resource for the benefit of the residents of the Kenai Peninsula. It has partnerships with federal and borough organizations, tribes, chambers of commerce, cities, unincorporated areas and local businesses. He mentioned the efficiency of ARDORs and cited the 2021 example of KPEDD leveraging a \$100,000 contract with the borough for \$1.2 million in contracts. He agreed with previous testimony that each ARDOR is unique in order to serve their residents more effectively. He explained that instead of members, KPEDD has a 30-acre facility that is incubating nine businesses. KPEDD also has a loan program, houses the DOTPF Construction Academy, and assists other regions that do not have an ARDOR. Last year KPEDD assisted Kodiak and the Denali Borough to create economic organizations and most recently they have been assisting the governor's office develop an organization in the Valley. He highlighted that the kpedd.org website is known throughout the borough as having the most up-to-date data. The school district and hospital use it exclusively for recruitment. He identified kenaipeninsulaworkforce.org as the latest resource KPEDD has developed. The goal is to have properly trained residents in line whenever a job opens on the peninsula.

MR. DILLON reported that KPEDD helped peninsula businesses receive \$49.6 million in Alaska CARES funds. They also worked with incorporated communities and the borough to create municipal relief programs to benefit local businesses. He noted that Forbes Magazine recently commented on the work being done on the Kenai Peninsula. He concluded his comments with a description of KPEDD's current financial resiliency plan to develop appropriate training that reflects the lessons learned the last several years from the earthquake, fires, fishing disasters, and COVID-19. He said he did not believe there is a more effective group of organizations than the ARDORs to assist with economic development. He urged the committee to support HB 192 and continued community assistance.

[1:49:56 PM](#)

SENATOR STEVENS asked what projects KPEDD was involved in that used Alaska CARES funds.

MR. DILLON said a primary effort was to make sure that people knew how to apply for the funds. The ARDORs also worked with the governor's office to ensure the application requirements were relevant to Alaskan entities. For example, commercial fishermen usually do not have a business license, which made them

ineligible for the funding. This was resolved near the end of August but there were myriad things the ARDORs worked on with DCCED and the Alaska Industrial Development and Export Authority (AIDEA) to facilitate the application process for businesses and communities to get the money they needed. He cited examples.

SENATOR STEVENS said thanks and well done.

CHAIR COSTELLO expressed appreciation for his commitment to help businesses apply for the loans. She said it shows the important tie between the ARDORs and the communities and businesses.

CHAIR COSTELLO listed the individuals available to answer questions.

[1:53:54 PM](#)

SENATOR GRAY-JACKSON said she knows that the Anchorage Economic Development Corporation (AEDC) receives a local grant from the Municipality of Anchorage each year and she wonders if any of the other ARDORs receive local grants.

MR. DILLON advised that KPEDD has a \$100,000 contract in grant form with the Kenai Peninsula Borough. Specific deliverables attached to the contract include a quarterly report, talking to the assembly every other month to give an update on activities, and he will defend the plans for the contract for next year on May 17.

SENATOR GRAY-JACKSON commented that it sounds similar to the Municipality of Anchorage and AEDC.

CHAIR COSTELLO asked Mr. Venables to respond to Senator Gray-Jackson's question about grants.

[1:56:09 PM](#)

MR. VENABLES explained that Southeast Conference is a membership organization with both municipalities and private sector businesses that contribute annually and engage in setting the scope of work and the economic development strategies.

[1:56:55 PM](#)

SENATOR MICCICHE joined the committee.

SENATOR STEVENS asked to hear from Ms. Marquardt about SWAMC's funding source and community involvement.

MS. MARQUARDT stated that SWAMC is a membership organization with both municipalities and private sector businesses. About half of their operating expenses come from membership fees, sponsorships and registrations for the annual conference. The \$75,000 EDA grant pays for the balance of the operating expenses. SWAMC does not receive any grants from local entities.

CHAIR COSTELLO advised that the meeting on Wednesday would be devoted to ARDOR presentations.

1:58:37 PM

CHAIR COSTELLO opened public testimony on HB 192.

1:58:51 PM

BRITANY SMART, Special Assistant to the Mayor; Staff, Fairbanks North Star Borough Economic Development Commission, Fairbanks, Alaska, testified in support of HB 192. She advised that the commission is the ARDOR for Interior Alaska and they partner with a number of economic development organizations. Responding to the question about local grants, she advised that the borough has economic development powers and her presentation on Wednesday will include the amounts raised from property tax assessments. She noted that the commission also provides grants to other economic development organizations in the borough. She asked the committee to support HB 192 to extend the ARDOR designation.

2:00:05 PM

KRISTINE CARPENTER, Executive Director, Prince William Sound Economic Development District (PWSEDD), Cordova, Alaska, testified in support of HB 192. She echoed the comments of the previous speakers and said she would give examples of what PWSEDD is doing in the region. She reported that for the Alaska CARES funds, PWSEDD contracted with the Cordova Chamber of Commerce, the Valdez Economic Development Department, and the Greater Whittier Chamber of Commerce to help local business apply for the funds. Collectively it amounted to \$16 million in CARES funds for the region, which was a huge help in keeping households, businesses, and families afloat.

PWSEDD also works to bring partners together on projects that are too large for one entity to do alone. For example, PWSEDD is working with the City of Cordova and the Prince William Sound Marketing Association on the feasibility of a multipurpose food processing facility with a shared kitchen. The model is the Valdez Fisheries Development Association fishery business incubator. In addition, PWSEDD is working on regional solutions

for ferry service and is coordinating a process among stakeholders in the Sound for the outdoor recreation plan. She agreed with previous testimony that ARDORs are the data keepers for the region. Responding to Senator Gray-Jackson's question, she said PWSEDD does not receive a grant from municipalities, but they raise the required match for the EDA grant through membership fees and various other sources. She requested the committee's support for HB 192.

[2:03:53 PM](#)

CHAIR COSTELLO closed public testimony on HB 192. Finding no questions for the sponsor, she solicited a motion.

[2:04:02 PM](#)

SENATOR REVAK moved to report HB 192, work order 32-LS0859\A, from committee with individual recommendations and attached fiscal note(s).

CHAIR COSTELLO found no objection and HB 192 was reported from the Senate Labor and Commerce Standing Committee.

SB 137-EXTEND BOARD OF DIRECT-ENTRY MIDWIVES

[2:04:37 PM](#)

CHAIR COSTELLO announced the consideration of SENATE BILL NO. 137, "An Act extending the termination date of the Board of Certified Direct-Entry Midwives; and providing for an effective date."

[2:05:12 PM](#)

JOE HAYES, Staff, Senator Scott Kawasaki, Alaska State Legislature, Juneau, Alaska, introduced SB 137 on behalf of the sponsor. He read the sponsor statement into the record.

Senate Bill 137 extends the termination date of the Board of Certified Direct-Entry Midwives. Currently, the board is set to sunset on June 30, 2021. This bill would extend that termination date to June 30, 2023. The two-year extension was recommended by the Division of Legislative Audit in the Sunset Review of the board.

MR. HAYES advised that the board is comprised of five members: two direct-entry midwives, one physician licensed by the State Medical Board, one certified nurse midwife licensed by the Board of Nursing, and one public member. By statute, the board examines and issues certificates and permits, establishes

regulations for certification and practice requirements, orders disciplinary sanctions, and approves curricula and standards of education, training and apprenticeship. The \$21,000 fiscal note is covered by revenue from the licensing fees.

2:06:55 PM

SENATOR STEVENS asked to hear from Kris Curtis about why the extension is only for two years.

CHAIR COSTELLO advised that the auditor was not online and suggested the committee hear from the chair of the governing board.

2:07:25 PM

BETHEL BELISLE, Chair, Board of Certified Direct-Entry Midwives, Anchorage, Alaska, advised that the audit found three areas for the board to work on. The first finding related to peer review. She said that process was changed in March 2020 and will be finalized at the next board meeting. The second area of concern related to the time DCCED took to complete an investigation. She suggested that Sara Chambers could respond to that concern. The third finding related to board notes about bringing the standard of midwifery care up to national standards. The board initially opted not to pursue that because of cost but they have since begun the process to change the regulations and statutes to meet or exceed national standards of midwifery care.

SENATOR STEVENS asked to hear from the department on the second finding about the time it takes for an investigation.

CHAIR COSTELLO noted that Kris Curtis was available.

2:10:48 PM

KRIS CURTIS, Legislative Auditor, Division of Legislative Audit, Alaska State Legislature, Juneau, Alaska, explained that the two-year extension is in response to an issue identified during the audit that could affect public safety. She said she was unable to provide and details because it was related to a confidential investigation, but it is important enough to warrant a short extension to provide more oversight.

SENATOR STEVENS asked if she believes the extension could be longer once the issue is resolved.

MS. CURTIS replied she hopes so but this was the third short extension. She said the division will recommend an eight-year extension if the audit is clean next time.

SENATOR STEVENS expressed satisfaction with the explanation and the two-year extension.

[2:13:16 PM](#)

CHAIR COSTELLO asked who pays for the sunset review.

MS. CURTIS replied the cost of an audit is part of her budget. Statute requires the audit of boards and commissions.

CHAIR COSTELLO asked if she was comfortable with the two-year extension to resolve the issues.

MS. CURTIS answered yes; she was comfortable with the two-year extension. She explained that the audits are performed a year ahead of the sunset so an extension cannot be shorter than two years.

[2:15:12 PM](#)

SENATOR MICCICHE asked if the issue with the board was serious or an outstanding board issue.

MS. CURTIS replied that her opinion is that it is very serious.

[2:15:55 PM](#)

SENATOR MICCICHE asked if she agreed that repeal was also an option.

MS. CURTIS replied the legislature could decline to extend and the board would have a one-year wind down. She said she believes that providing oversight next year is the most appropriate way going forward.

SENATOR STEVENS asked for an explanation of the second finding about the time to conduct investigations and who is responsible.

MS. CURTIS said it is not so much the time it takes to conduct an investigation because they can take years. The audit looks at periods of unjustified inactivity during the course of the audit.

CHAIR COSTELLO asked Ms. Chambers to respond to Senator Stevens' question.

[2:18:18 PM](#)

SARA CHAMBERS, Director, Division of Corporations, Business, and Professional Licensing, Department of Commerce, Community and

Economic Development (DCCED), Juneau, Alaska, stated that the division has experienced an uptick in the volume and complexity of investigations and their resources did not keep up with the challenges of responding. That was the case in this situation when the division failed to meet internal reporting goals. They worked with the commissioner's office to hire an additional senior program investigator and incorporated more accountability in the investigator's expectations.

2:21:05 PM

CHAIR COSTELLO opened public testimony on SB 137; finding none, she closed public testimony.

2:21:22 PM

At ease

2:21:42 PM

CHAIR COSTELLO reconvened the meeting and solicited a motion.

2:21:48 PM

SENATOR REVAK moved to report SB 137, work order 32-LS0904\A, from committee with individual recommendations and attached fiscal note(s).

CHAIR COSTELLO found no objection and SB 137 was reported from Senate Labor and Commerce Standing Committee.

2:22:45 PM

There being no further business to come before the committee, Chair Costello adjourned the Senate Labor and Commerce Standing Committee meeting at 2:22 p.m.